

§ 1629.4

section, such persons shall be considered to be “handling” in the same manner as any person to whom the criteria of those subparagraphs apply.

§ 1629.4 Meaning of fraud or dishonesty.

The term “fraud or dishonesty” shall be deemed to encompass all those risks of loss that might arise through dishonest or fraudulent acts in the handling of funds as delineated in § 1629.3. As such, the bond must provide recovery for loss occasioned by such acts even though no personal gain accrues to the person committing the act and the act is not subject to punishment as a crime or misdemeanor, provided that within the law of the state in which the act is committed, a court could afford recovery under a bond providing protection against fraud or dishonesty. As applied under state laws, the term “fraud or dishonesty” encompasses such matters as larceny, theft, embezzlement, forgery, misappropriation, wrongful abstraction, wrongful conversion, willful misapplication or any other fraudulent or dishonest acts.

§ 1629.5 Form of bonds.

Any form of bond which may be described as individual, schedule or blanket, or any combination of such forms of bonds, shall be acceptable to meet the requirements of this part. The basic types of bonds in general usage are:

- (a) An individual bond which covers a named individual in a stated penalty;
- (b) A name schedule bond which covers a number of named individuals in the respective amounts set opposite their names;
- (c) A position schedule bond which covers all of the occupants of positions listed in the schedule in the respective amounts set opposite such positions;
- (d) A blanket bond which covers all the insured's directors, officers, employees and agents with no schedule or list of those covered being necessary and with all new directors, officers, employees and agents bonded automatically, in a blanket penalty.

§ 1629.6 Effective date.

- (a) Each program shall certify in its Application for Refunding, beginning

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with the application for FY 1985 funds, that it has obtained a bond or bonds which satisfy the requirements of this part.

- (b) A copy of such bond or bonds shall be provided to the Corporation at its request.

PART 1630—COST STANDARDS AND PROCEDURES

Sec.

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AUTHORITY: 5 U.S.C. App. 3, 42 U.S.C. 2996e, 2996f, 2996g, 2996h(c)(1), and 2996i(c); Pub. L. 105-119, 111 Stat. 2440; Pub. L. 104-134, 110 Stat. 3009.

SOURCE: 62 FR 68224, Dec. 31, 1997, unless otherwise noted.

§ 1630.1 Purpose.

This part is intended to provide uniform standards for allowability of costs and to provide a comprehensive, fair, timely, and flexible process for the resolution of questioned costs.

§ 1630.2 Definitions.

- (a) *Allowed costs* means a questioned cost that the Corporation, in a management decision, has determined to be eligible for payment from a recipient's Corporation funds.
- (b) *Corrective action* means action taken by a recipient that:
 - (1) Corrects identified deficiencies;
 - (2) Produces recommended improvements; or
 - (3) Demonstrates that audit or other findings are either invalid or do not warrant recipient action.